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## Viewing cable 06BUENOSAIRE677, CONVERSATION WITH CARLOS ZANNINI

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### Understanding cables

Every cable message consists of three parts:

- The top box shows each cables unique reference number, when and by whom it originally was sent, and what its initial classification was.
- The middle box contains the header information that is associated with the cable. It includes information about the receiver(s) as well as a general subject.
- The bottom box presents the body of the cable. The opening can contain a more specific subject, references to other cables ([browse by origin](#) to find them) or additional comment. This is followed by the main contents of the cable: a summary, a collection of specific topics and a comment section.

To understand the justification used for the classification of each cable, please use this [WikiSource](#) article as reference.

### Discussing cables

If you find meaningful or important information in a cable, please link directly to its unique reference number. Linking to a specific paragraph in the body of a cable is also possible by copying the appropriate link (to be found at the paragraph symbol). Please mark messages for social networking services like Twitter with the hash tags **#cablegate** and a hash containing the reference ID e.g. **#06BUENOSAIRE677**.

Reference ID	Created	Released	Classification	Origin
<a href="#">06BUENOSAIRE677</a>	<a href="#">2006-03-22 18:35</a>	<a href="#">2011-08-30 01:44</a>	<a href="#">CONFIDENTIAL</a>	<a href="#">Embassy Buenos Aires</a>

Appears in these articles:

<http://www.lanacion.com.ar/1360704-de-vido-eje-de-las-sospechas-de-eeuu>

VZCZCXYZ0000  
RR RUEHWEB

DE RUEHBU #0677/01 0811835  
ZNY CCCCC ZZH  
R 221835Z MAR 06  
FM AMEMBASSY BUENOS AIRES  
TO RUEHC/SECSTATE WASHDC 3916  
INFO RUEHAC/AMEMBASSY ASUNCION 5433  
RUEHBR/AMEMBASSY BRASILIA 5229  
RUEHLP/AMEMBASSY LA PAZ MAR MONTEVIDEO 5427  
RUEHSG/AMEMBASSY SANTIAGO 5036  
RHEHNSC/NSC WASHDC  
RUEAIIA/CIA WASHDC  
RUEATRS/DEPT OF TREASURY WASHDC

C O N F I D E N T I A L BUENOS AIRES 000677

SIPDIS

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E.O. 12958: DECL: 03/23/2016  
TAGS: [PREL](#) [PGOV](#) [ECON](#) [PTER](#) [AR](#)  
SUBJECT: CONVERSATION WITH CARLOS ZANNINI

Classified By: CDA Hugo Llorens for Reasons 1.4 (b) and (d).

11. (C) Summary: DCM, accompanied by PolCouns, met on March 20 with Carlos Zannini, the Secretary for Legal and Technical Affairs in the Casa Rosada. This was our first face to face meeting with Zannini since last November's Summit of the Americas. Zannini is widely considered to be the intellectual force within President Nestor Kirchner's inner circle (see Reftel A for biographic information). With the departure of heavyweights such as former Economy Minister Roberto Lavagna and Foreign Minister Rafael Bielsa and the recent resignation of Santa Cruz governor Sergio Acevedo, Zannini is probably second only to Planning Minister Julio De Vido in shaping political and economic strategy within the government. End Summary.

12. (C) Zannini opened the conversation with a defense of government economic policy. He pointed to the reductions in unemployment and poverty rates and the increase in the investment rate to 26 percent of GDP as vindication of the GoA's policies. Asked about inflation concerns and what he considered were tolerable levels of inflation, Zannini responded the government's goal was to keep the inflation rate to 10 percent. He defended the use of price controls and the recent decision to ban the export of beef products for 180 days as legitimate and effective measures to control inflation. He justified these measures by claiming that markets didn't work freely in Argentina and that ""cartels"" in, for instance, the meat industry manipulated supply and demand to affect prices. The DCM noted that while price controls may well reduce sector prices in the short term, continued prudent fiscal and monetary policies were still required to prevent a sustained inflation spillover as money supply increased.

13. (C) Turning to politics, Zannini claimed the abrupt resignation (Reftel B) of Santa Cruz governor Acevedo had

come as a "complete surprise" to the Casa Rosada. He acknowledged that Acevedo's "style" of handling difficult issues was perhaps not what Kirchner would have preferred and that mistakes had clearly been made in the labor dispute in Las Heras during which a policeman was killed. But he denied accusations that Kirchner had forced the resignation of his former vice governor and confidant and even expressed a certain amount of disgust that Acevedo had not given the Casa Rosada advance notice of his intentions. Comment: The timing of Acevedo's resignation may well have taken the Casa Rosada by surprise. But the open and well-documented interference in provincial affairs by Kirchner insiders such as De Vido and Alicia Kirchner, particularly in the appropriation of public works monies, had clearly put Acevedo in an untenable position. End Comment.

14. (C) Moving to presidential politics, Zannini claimed Kirchner was still undecided about his intentions for 2007. He said Kirchner was very much aware that there were "no popular two-term ex-presidents in Argentina" and that he was more concerned with ensuring that the political agenda he had begun was continued beyond 2007 than he was in seeking reelection. He said Kirchner was willing to "walk away" in 2007 if he felt that was the best way to preserve his legacy and policies. That said, Zannini said Kirchner would easily win reelection should he decide to run and acknowledged there was a certain amount of political advantage to be gained from delaying any official announcement.

15. (C) Finally, the DCM took the opportunity to seek Zannini's support in pushing for legislation in the Argentine Congress to combat money laundering and terrorism financing. The legislation, which is required for the implementation of the Inter-American Convention Against Terrorism and the UN Convention on the Suppression of the Financing of Terrorism, has been stalled in the Congress since last year. Zannini, who was well versed on the subject, expressed his support for the measures and his confidence that the appropriate legislation would be passed and enacted this year.

¶6. (C) Comment: With the resignations of Cabinet heavyweights such as former Economy Minister Lavagna and Foreign Minister Bielsa who were both willing to disagree with Kirchner, Zannini has become the principal intellectual force in the President's shrinking circle of close advisors.

In terms of overall power to influence both economic and political policy, Zannini currently is probably second to none. End Comment.

¶7. (U) Reftels available at  
<http://www.state.sgov.gov/p/wha/buenosaires.< /a>>  
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=====CABLE ENDS=====

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